GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:338
ANSWERED ON:14.08.2007
DIAMOND INDUSTRY
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the total loss incurred by diamond industry during each of the last three years alongwith the reasons therefor; and

(b) the steps taken/proposed to be taken by the Government to promote the diamond industry and boost the export of diamond?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) Most of the diamonds processed in India are exported. As per available information, there has been no loss as such; however, the exports have declined in the year 2006-07 due to reduction in trading activities in diamonds from Bonded Warehouses. Export figures of cut and polished diamonds during last three years are as follows:-

(in Million US $)

2004-05	2005-06	2006-07 (Provisional)
11181.56	11829.74	10903.22

Source: Gem & Jewellery Export Promotion Council.

(b) The Government has taken the following steps to promote the diamond industry and boost the export of diamonds:-

(i) Export of gems and jewellery, which also includes cut and polished diamonds, has been identified as a thrust sector in the Foreign Trade Policy (2004-09).

(ii) The licencing regime for rough diamonds has been abolished and customs duty on import of rough diamond has been reduced to 0%.

(iii) Advance remittances without insisting on bank guarantee for import of rough diamonds has been permitted.

(iv) Duty Free import entitlement of consumables, tools, machinery and equipments for Gold and Platinum equal to 1% of FOB value of exports during the preceding financial year.

(v) Duty free import entitlement of gems & jewellery samples in a financial year upto Rs.300,000/- or 0.25% of the average of last three years export turnover of gems and jewellery items, whichever is lower.

(vi) Cutting and polishing has been treated as manufacturing for the purposes of exemption under Section 10A of the Income Tax Act.

(vii) Gems & Jewellery exporters allowed to export cut and polished precious and semi-precious stones for treatment and re-import.

(viii) Import duty on cut and polished diamonds has been abolished.

(ix) Introduction of Income Tax on turnover basis for diamond units where profits declared are 8% or more of turnover. Besides, the Government also extends financial assistance for various sales promotion activities undertaken in foreign markets.